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DIARY NOTES

DD/S [REDACTED]

3 September 1959

1. Gordon Stewart telephoned to say that according to the United Givers Fund formula our quota this year would be about \$104 thousand. Inasmuch as we had already planned to set a goal of \$100 thousand and we actually gave \$106 thousand last year, I authorized him to advise the UGF people that our goal should be set at \$100 thousand. (The UGF, of course, has no way of computing what our goal should actually be.)

2. Mr. Harold Rubin, General Accounting Office, telephoned to say that he had classified the draft of his report [REDACTED] "secret" only to protect it temporarily. He requested permission to issue the report in an unclassified form and I told him that I would let him know about this on Tuesday. 25X1A H

3. I spent some time with [REDACTED] discussing our Management Training Program. I asked them to look into the DD/S needs for such training and to present me with their recommendations for some systematic approach to the problem starting at the senior levels.

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4. Ed Saunders and I met with Bob Macy and his team at the Bureau of the Budget to discuss a number of items, as follows:

a. With [REDACTED] we presented a request for a release of \$290 thousand from the Reserve to support a [REDACTED] project in the [REDACTED]. The Bureau people were pessimistic that we needed or could use \$290 thousand; however, they agreed to this withdrawal with the understanding that it would be adjusted at a later date when it was known exactly how much would be committed. Since this has a definite relation to and, in some ways, might be in conflict with the [REDACTED] Program they indicated that, at some future date, they would like to look into this matter further. 25X1A

b. In connection with Project [REDACTED] they thought that this was a good Project and indicated that they would approve our request for a release from the Reserve. However, Bob Macy wanted to discuss the general philosophy of who pays, i.e., CIA or the Department of Defense, for this type of thing. I suggested that it would be wise to set up a meeting with Dick Bissell and General Cabell to discuss this matter and would attempt to arrange it. 25X1A2g

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c. Bob Macy then elaborated on his feeling that the Bureau had a responsibility to see that agencies complied with the intent of the Congress in obligating funds. However, in our case there is no printed record and he wanted to explore ways and means by which this could be accomplished for CIA. I told him that we were keenly interested in complying with the intent of the Congress in every instance and that we would be glad to give him an oral briefing after we had appeared before the Appropriations Committee. This was agreed.

d. Bob Macy then indicated that he recognized the necessity for flexibility in program changes in CIA and did not wish to do anything to limit this flexibility. However, he felt that there were times when our program changed substantially between the time it is submitted to the Bureau and the Congress and the beginning of the fiscal year in which it is actually implemented. He felt that at the beginning of the fiscal year and before apportionments are made the Bureau should be advised of such changes. Ed and I indicated that we saw no objection to this procedure.

e. Dealing further with apportionments, he pointed out that in the normal government agencies funds were appropriated by specific category and the Bureau had a responsibility to insure that they were spent accordingly. In our case, however, there is no such specification or control. In attempting to get at this in some way Bob suggested that our appropriation be apportioned by major components, i.e., DD/I, DD/P and DD/S, and that we be allowed to make transfers between major components not to exceed 5%. Ed and I felt that this would impose no real burden upon us and agreed to this procedure with the understanding that the Director's Office would be lumped with DD/P. We pointed out that in case of crash projects, which necessitate substantial procurement on the part of the Office of Logistics, DD/S might exceed the 5%. However, everyone agreed that there would be no problem in such instances and that exceptions could be made.

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f. We left with Bob our latest budget estimate calling for [REDACTED] for regular operations in Fiscal Year 1961. It was obvious that they were pleased to see that this had come down from [REDACTED] and they expressed their appreciation. This does not indicate, however, that they have agreed to this figure and no doubt we will be subjected to considerable additional pressure to reduce it further. 25X1A1a

g. Following this meeting Bob called me aside and told me that Mr. Stans had approved of eighteen specific projects which the Bureau wished to undertake prior to the end of the Eisenhower Administration. Two of these are of interest to us. One involves the whole communications structure and setup of the U. S. Government. This is going to be run out of the Department of Defense Division of the Bureau headed by Bill Shaw but, of course,

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will spill over into Bob's area and will be of real interest to CIA. The second will be run by Bob and will involve the role of the Director of Central Intelligence as opposed to his role as head of the Central Intelligence Agency, etc. Bob indicated he would like to get together with me sometime before long and discuss these further.

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